

P. H. O. K.
App. F. IX-4

Previous References

P. H. O. K.
1936-7
(C. S.)

File No. 11-36

Serial Nos. 30, 165

Letter References

File 118-40 sub 1 b.

PRESERVED

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. *22433-8*

Part B for *to*

SUBJECT.

Report of the Committee on Cooperation chapter III

22433-8

21.9.38

WD 0295-GPB-22,600-18-8-37

To Regl. C. S. & Co.
• iii Dir of Agri
iv Rev Comm. & Comptroller
to Govt
Ch. Engineer

Passes orders on the recommendations of the Committee on Cooperation
chapter III.

Serial
No.

Letter No 5585 dated the 7th Jan 37 from the
Reserve C. forwarding his remarks on the
recommendations of the Committee on
Cooperation in Chapter II of their report on
Primary Loan Credit Scheme

1) Dft. G.O. on the report is also for Circulation
Only one draft is submitted instead of two
30/7/37 drafts as per orders in order to avoid writing heads
to both the drafts

2) Secy & SG

by
9.8.37

3) ~~For~~ Typed draft for approval

by
11.8.37

4) II members)

by
11.8.37

5) The draft approved by the
Member has been retyped and
placed in the file. portions marked
A and B were added by me subject
to approval.

Secy & S.G.) by
11.9.37

6) For perusal before circulation

by

11.9.37

II members)

by

11/9/37

Report of the Committee on Co-operation chap III

3565

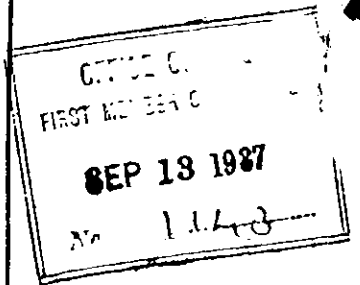
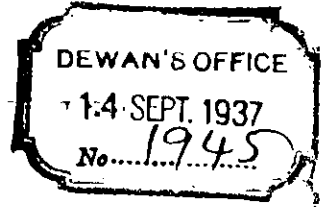
File No.

11

of 1936

General and Revenue
Secretariat

Serial
No.



8) Draft G.O. approved by the II member is
circulated for perusal

I member
Dewan

13.9.37
13.9.37

14/9

15-9-37

16.9.37
16.9.37

It is sent that as per instructions in memo
dated 6/8/37 the draft orders in each chapter as
they get ready will have to be sent to the Chairman
informally for information before issue. Dft D.O. later
for issue

Instructions of the Secy. L. & L. the under-secy
that this is not necessary and that the
draft may issue.

Typing section for Minors putting up their copy for issue
G.O. No D 2433-28 dated 21-9-37 having
been on the recommendation in Chapter IV

9/11/37

Chapter 44 of
the Repr. 7

Coop. Count.

**General and Revenue
Secretariat**

File No.

N

of 193 6.

[App. F. III-2]

Serial
No.

Draft 120 to the Chairman's desk

21/9/57
true

Seez & S. G



2293)

Since the 24/9/27 ^{to the Chairman} / private a copy the 5.0 hr information

Brother

27/1/37

37

~~POLYMER DRAGON~~

15

119

File No.

of 193

General and Revenue
Secretariat

Serial
No.

(1)
GOVERNMENT OF MYSORE

No. 5565 / C.S. / Encl. One.

DEPARTMENT OF CO-OPERATION,

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE,

Telegraphic Address:
"CO-OPERT"
BANGALORE

Dated, Bangalore 6th January 1937.

From

GULAM MOHIYUDDIN MEHKRI, Esq.,
Registrar of Co-operative Societies in Mysore,

Bangalore.

To

C.S. 11-36-30

M. Bankatesiengar, Esq., M.A.

General Secretary to the Government,
of Mysore, Bangalore.

Sir,

In continuation of my letter No.5503 CS dated
5th January 1937, I have the honour to forward herewith
for orders of Government my views on the recommendations
made by the Mysore Co-operative Enquiry Committee - 1936
in Chapter III of their Report.

I have the honour to be,
Sir,
Your most obedient servant,

M. S. Mehkri 2/1/37
Registrar.

AKM)6/1

In view of the fact that it
being taken 1 - the Dept and
in view of the fact that it
are being given to the P & L
element - in separate in
different interests. no further
action - seems necessary.

The question is being dealt
with separately. Information
has been called for from the
Dept as the permission to the
Dept of Finance, Policy and
Other issues. It is

The Resolution states that "in support
of agricultural progress & in order to
of further organization of ^{these} ~~these~~ ^{fruits}
The Dept. ^{very} ^{highly} ^{is} ^{agreed} to
keep ⁱⁿ ^{the} ^{various} ^{lines} of the
Committee, and ^{knows} ^{of} ^{the} ^{status}
in the matter when the question is
up for consideration

There is an ⁱⁿ ^{the} ^{recommendation}
and it seems ^{clear} ^{that} ^{they}
and means ^{to} ^{be} ^{used} ^{for}
implementing it

169
1938

The Reviewer states that the Committee
of agriculture progress does not permit
of further organization of trade fairs.
The British Society has been agreed to
keep the representation of the
Committee our known headquarters
in the matter when the question is
ripe for consideration.

There is an individual way
and we are much in favour
of the method of

The question of Shauling & Central
Area Assoc at the ~~meeting~~ is largely
west consideration in the 1st section
The Assoc has promised to present
a report after visiting the area.

This question is being dealt with
separately and the opinion of
the Dr of Agriculture has been
asked for

The question is separating
with consideration the rights
as enjoyed the state of an
individual with 14 of him with
an and want to by the state
the parents 14

The result of the experiment
made by the best way (a
watcher No further and this seems
most present. meaning as this
61

No new results.
61

~~If action taken~~ The result
of action taken by the B.C.C.
will be awaited. and
6/1

No further action seems
necessary on this
The Bangalore Society
does not appear to be
working well.

No further action by Mr.
being necessary at present
107

No further action is
needed on this

107

The Registrar's recommendations
are the basis of related financial
acceptance. It is very clear
why the grant of rate should be
denied to those who repay the
loan in advance in a lump sum.
There does not seem to be any
need for a further financial
aid for the district. The
Board may be cutting her with the
work. No loan may be made before
directly to primary schools but
first only then the other Board. (6)

The question is under consideration by
the Finance Secretary.

by

Further information has been asked
for from the Director of the Government
of the 2nd Requisition in for, India

by

It has been ordered in connection with the
issuing of the letter's that the Expt. Pals
& plant changes cannot be waived. For orders
whether the Prod should again be considered.
The Ch Engr may be consulted on the

Recommendation

by

No action on this is necessary now

11-3-37

the Group. Dr. Kilick also welcome
the suggestion of the Committee
and request that rules may be
laid for contributions from banks
to the Institute and for nomination
of Sub officers ~~to the~~ ^{to the} representatives
of the ~~Association~~ or other from representatives
of various branches of business of
industry (providing they are connected
with co-operation) on the footing of
of the Dr. Kilick. In connection with the
establishment of a Central Group below
the Committee. It is that the cost
may be met partly by contributions
from friends not exceeding 5% of net profits. (P.O.S. 16
-186)
The Resolution recommended
be submitted as Proposed. Sub for now

The working Committee of the Group. In place also welcome the suggestion of the Committee and request that rules may be coined for Contributions from books to the Institute and for raising of Sub officers ~~at the Institute~~ of ~~the Institute~~ ^{in various} branches of business of industry (provided) on the former but with C.O. (provision) in connection with the of the Institute. In connection with the establishment of a Central Group there the Committee of the Central Group the Committee of the Central Group may be well worthy of Central Institute from which not to receive 5% of net profits. (P.O.)

The National movement. Sub for our i.e. subscribers as per sent. Sub for our

CO-OPERATIVE ENQUIRY COMMITTEE REPORT.

1936

Reference to Subject
No. of page of the
Chapter. Report. matter
in brief.

Action taken or proposed to be taken.

III. 45 Multiple objects.

The recommendations of the Committee are what are in vogue at present. Wherever different objects can be combined in the same society without any of them conflicting with the interests or increasing the risks of any member joining the society for other objects, it is being done; but though separate accounts are being kept for the different objects the profits or losses of the different concerns are all pooled, which does not seem to be an equitable system. Instructions are however being issued at inspections that the profits of the different branches may be separated and distributed among only the class of members contributing towards such profits. No additional orders or action is necessary on this recommendation of the Committee.

Assuming that incompatible activities are not combined, unlimited liability is not risked in transactions for which it is unsuitable, and that efficiency is in no way sacrificed, there is no objection to credit societies undertaking non-credit activities additional or secondary functions, the transactions at its of the two sides of activity being kept distinct.

do. 46 Crop Loans.

The issue of crop loans is certainly desirable and the Government have already ordered to encourage them in rural societies. This was tried in a few select societies, the Apex Bank making the necessary advances but the experiment did not succeed because of the neglect by the Managers, of the safe-guards recommended by the Committee. The scheme is not for this reason to be given up but pushed through, insisting on better attention to

The system of crop loans should be encouraged under due safeguards.

competent
weavers' societies

No. of Chapter. Reference to page of the Report. Subject in brief.

3

2

1

Action taken or proposed to be taken.

4

to the safeguards. Among the safeguards is a provision in the Regulation creating lien for the loan on the crop raised with its help. This is not felt to be a sufficient safeguard. A separate recommendation will be made to Government requesting that the Regulation may be amended converting the lien into a charge.

The organization of separate loan and sale societies as recommended by the Committee on Co-operation in their Report on page 47, has been engaging the attention of the Department and some effort has been already made for the organization of societies for the sale of commercial crops such as areca, cardamom, copra, cotton. The importance of this type of societies in improving the economic condition of the agriculturists has been felt by the Department as indicated in the Administration Report for the year 1933-34. This form of Co-operation was not pushed vigorously owing to the low price of agricultural produce and as it was thought that the time is still not ripe for further organizing such

III. Loan and Sale Societies & Joint marketing.

47

III.

The organization of separate loan and sale societies, working independently of credit societies, requires active encouragement and support from the Co-operative Department, and sufficient financial assistance in the early stages from the Apex Bank. Where suitable godowns are not available for rent, Government may be moved to advance loans for their construction on an inexpensive scale. For the purpose of extending the marketing facilities in the State, societies may be formed for the marketing of commercial crops and industrial products. Liberal help from Government will be needed in the shape of grants for initial expenses, in advances for the building or hiring of warehouses or godowns, and trade centres. A beginning may be made by way of experiment in selected areas where the conditions are favourable and the need is greatest, as in the case of the areca-growing tracts of Sagar, Tirthahalli and Koppa.

such societies. When such societies are established and the need for constructing ware-houses is felt, the practice followed in Madras will be recommended viz , that the society should be able to meet 75% of the estimated cost of the warehouse either from its own resources or as a loan from Government repayable in 30 years at 3½ % and the balance of 25% being given as a free grant by Government.

47-48. Central Areca Sale Society.

The formation of a central areca sale co-operative society, godowns at Shimoga and affiliated societies or branches all over the areca-growing area, may be taken up for early consideration.

The formation of a Central Areca Sale Co-operative Society is under investigation. It is considered advisable to organize primary Areca Sale Societies in suitable areas, financed if necessary by the Apex Bank, for the present and to take up the question of establishing a Central Areca Society in Shimoga with a large capital later on.

do. 48 Supply of seeds, manure and implements.

The Agricultural Department may, with advantage, utilize more largely the agency of credit societies for distributing improved seed and implements, and also help in the general supervision and development of special non-credit societies. Societies should not be required by the Department to purchase things outright irrespective of whether this would work at a profit or loss.

Before 1931, a good number of credit societies were doing this sort of work and some of these societies had taken up the work of the Agricultural Department for the whole Taluk. But since the economic depression set in owing to lack of demand for costly manures and modern implements which the impoverished ryots could hardly purchase, several of the societies had to suspend such work. Some of them are still doing it in a small way and with the improvement of times, it is expected that the societies

societies that had already taken up this work will not only resume the supply of such articles but many other societies besides will also take it up. Instructions have been issued in this behalf to the societies this Office Circular No. 13 dated 6-1-1937 copy whereof is herewith enclosed. One of the agreements between the Agricultural Department and the societies that undertook the supply of these articles was that where any society was unable to sell any stock the Department should take it back at credit the institution with its price. There was however some trouble later about the Agricultural Department keeping up this engagement. In order to induce societies to take up such work and prevent any loss to them, I think the Agricultural Department should give this guarantee to the societies. A reference has been made to Government in this office letter No. 5367 dated 7-1-37 requesting issue of suitable instructions to the Agricultural Department in this matter.

50 Consolidation of holdings.

repressive legislation may be undertaken, on the lines of the Central Provinces Act, to provide for consolidation being carried out in villages where a majority of the owners holding a certain minimum area of land have agreed to the preparation of a scheme.

As the Committee hold, this does not seem to be an acute problem in Mysore and they further point out the formation of any societies for the purpose is to be preceded by an intensive propaganda regarding the evils of excessive subdivision and fragmentation by mutual agree-

357b

agreement. propose that for this purpose one or two Inspectors of

Co-operative societies may be deputed to do special propaganda work

in this direction in some select villages in one or two Taluks to

begin with. reference has separately been made in this Office letter

No. 5568 dated 7.1.37

III. 51 Dairying.

Of the two types of Dairying Societies recommended by the Co-operative Enquiry Committee on pages 51 and 52 of their Report the society

formed for producers of milk is more practicable and can be more easily worked. A start has just been made for the supply of milk to the Government Hospitals in the City of Bangalore by the milmen organised into a Co-operative Society for the purpose. A similar attempt is proposed to be made in Kyasanalli village near Kolar Gold Fields for the supply of milk to Gold Fields.

do. 52 Cattle Insurance.

I agree with the Committee that Cattle Insurance may not prove successful if introduced in this State.

Cattle insurance is a somewhat speculative undertaking and requires expert knowledge. There has so far been no genuine demand from the people for such societies in Mysore.

do. 52 & 53. Rural Industries.

In the Administration Report of the Department for the year 1933-3

I have already touched upon the need to introduce subsidiary occupations

The work of organizing the people for village industries, and supplementing their regular pursuits by side occupations, may be done through societies of various kinds which will provide raw material, employ labour, advance wages, provide wholesale depots, and arrange for the sale of the finished products in towns and commercial centres. A systematic enquiry should be made into the economic conditions of any industry proposed to be taken up, and a practicable scheme prepared in each case.

Co-operative institutions should be established to finance rural industries on a larger scale than at present. The formation of new societies in different parts of the State where there are suitable openings will have to be undertaken cautiously, with the help and encouragement of Government and under expert departmental advice.

occupations in villages for supplementing the income of the agriculturists, and the organization of suitable societies therefor. Before forming such societies in an area it is necessary to know what sort of cottage industries would be suitable for that particular area. I have therefore requested the Department of Industries and Commerce in my letter No. S '69 dated 8-3-37 to investigate and let me know what industries may thrive in particular areas. On receipt of information from them further necessary action will be taken by the Department. With regard to the financing of such societies, I am of opinion that no separate society is necessary as the Apex Bank is quite capable of doing it and as there should be, in my opinion, only one Central - Financing Institution for all purposes.

III. 55-57. Weavers' Society. 10X

The decline in the weaving industry can only be arrested by suitable organization, special financial and marketing help, and competent technical and expert guidance. The rehabilitation of weavers' societies requires special measures of help on the part of Government. There are various practical difficulties of organization and supervision, which cannot be met except by the formation of a Central Society and provision for expert advice and guidance.

As an experiment in the direction of the rehabilitation of Weavers' Societies, the Bangalore Weavers' Society has been reorganized and is being worked under a close supervision by the Co-operative and Industrial Departments, and with the Apex Bank liberally financing it. If this experiment proves successful, action will be taken to introduce the Scheme in other societies.

In the opinion of the Department, the formation of a Central Society for Weavers cannot be taken up at present.

III. 57-58. Sericultural Societies.

The work of the sericultural societies is hampered by the inadequacy of funds and the lack of technical guidance and help. What they most need is the services of technical workers for carrying on the technical operations; increased sales are expected to meet a part of the cost; the balance will have to be contributed by Government.

A desirable extension of co-operative activities would be the joint marketing of cocoons and, where possible, joint reeling. The possibility of organizing co-operative reeling societies, aided with Government funds and supervised by the Sericultural Department, may be investigated.

Co-operative

do. 60 Stores.

In stores societies regard should be had in fixing prices to the current market rates, from which they should not ordinarily vary to any marked extent, and allowance must be made from

time to time for fluctuations in prices. Co-operative stores must buy wholesale, and buy more directly from the sources of production than they do now. Cash sales should be the rule for all; but where credit is allowed, it should be restricted to members and to the extent of their paid up share or other assets in the society. The profits derived from stores should, after the prescribed allotment to reserve and after paying a reasonable preferential rate on shares, be disbursed entirely on custom in the shape of rebates to members.

The recommendation of the Committee with regard to the organization of marketing of cocoons and for reeling ~~activities~~ will be kept in view and possible action taken in consultation with the Sericultural Department. If any government aid is found to be needed, separate recommendations will be submitted. The Superintendent of Sericultural Department has however been requested in this office letter No. 5570 dated 7.1.37 to intimate the possibilities of the formation of reeling and marketing societies for sericulturists and the areas in which attempts may be made therefor.

The views of the Committee on Co-operation that all sales in the Co-operative Stores should be for cash only and that profits should be distributed entirely on custom after paying a reasonable preferential rate on shares are fully endorsed by the Department. But the trouble is to enforce them. In all Stores Societies that may be registered hereafter a provision will be introduced in the Byelaws prohibiting the sales on credit and prescribing disbursement of profits as recommended by the Committee. With regard to the existing societies, instructions have been given to the socie-

societies at the time of inspections and a Circular has also been issued to them in this office No. 12 dated 6-1-1937 to introduce rules in conformity with the Committee's recommendations. I do not think that any rule by Government in this respect is necessary or desirable at this stage.

I agree with the recommendation of the Committee that the formation of a Central Stores Society is not one of early realisation. But it may be both practicable and desirable that the Stores working in the Bangalore City may instead of making their purchases independently pool their requirements and get them by collective orders. A suggestion will be made to the several Stores working in the City at a meeting which I propose to convene shortly. A suggestion will also be made to them to themselves produce as many articles they can assume as can be conveniently done by them.

The recommendations of the Committee that House-Building Co-operative Societies should take up construction work or the supply of building materials cheaply, though very laudable and legitimate objects of such institutions are, it is feared, not feasible at present.

Regarding the recommendation to help the members with type designs it would be possible to obtain them from the Public Works Department the

III. 61 Central Store.

While there are obvious advantages in having our own central wholesale organization, which could make purchases at source in large quantities for supply to small societies, there is no insistent demand at present for a Central Society, while the need for the large capital and expert management required will remain as an obstacle in the way of its near realization.

do. 63. House-Building Societies.

House building societies may with advantage take direct and active part in constructional work. Societies of the kind should help members with type designs as well as assist in the preparation of plans according to individual tastes and requirements. They should be able to procure building materials cheaply, and where possible they should join with other societies in ordering or manufacturing them. They should also in time take up the work of construction for their members. Where they have adequate funds and proper expert help, and especially where they have themselves undertaken the supply or manufacture of house building materials, they may well build a certain number of model houses at their own cost on well-considered type-plans and either lease them to members or sell them on the installment system.

the Sanitary Bureau and the Municipalities of Bangalore and Mysore Cities.

When Depn?
In fact the Department is already in possession of such designs. A further communication in this office letter No. 5571 dated 7-1-37 has been made to the Executive Engineer, Sanitary Bureau, requesting him to supply more copies of such designs for distribution to the several House-Building Societies.

III. 64. Repayments of House-Building loans. ..

The equated system of repayment should be generally adopted. A rebate of half per cent below the rate charged should be granted to members; and by Government to societies, for payments made in advance. Repayments should be allowed either monthly or annually.

The introduction of equated system of repayment of house-building loans is certainly desirable, as also grant of rebates where instalments are paid punctually as per stipulations but not where the whole or bulk of the loan is repaid in lumpsum without proper notice to the lending institution.

do. 65. Central Institution for Financing House-Building Co-operative Societies.

While a Central House construction society does not seem to be quite practicable at present, it is however necessary to have one Central institution entrusted with the function solely of providing the requisite long-term finance for house building societies.

I cannot agree with the recommendation of the Committee for the organisation of a separate Central Institution for the sole purpose of advancing loans to House-Building Co-operative Societies. The Apex Bank is at present attending to this work and may continue to do so. I am also of opinion that it is neither safe nor proper for Government to lend direct to any primary society and all Government aid should be given through the Apex Bank.

do. 65 Rate of Interest. ..

I quite agree with the Committee that a member obtaining a loan from a House-Building society should get it at 6% and that he should be able to

To enable house building societies to make full use of the financial assistance offered by Government, it is necessary to lower the rate of interest to members to 6 per cent and to extend the period of repayment up to 20 or 25 years. The Government may be pleased suitably to alter the terms of their loans to allow of this being done.

to repay it in 20 or 25 annual instalments. When the Government makes grant to the Ap Bank for this purpose, I recommend that the loan may be made repayable in 25 annual equal payments and the rate of interest charged sufficiently lowered to make the money available to the member of the society at the recommended rate of 6%. A recommendation has also been made to Government in this Office letter No. 5572 dated 7-1-37

III. 65. Acquisition of land.

The law should be suitably amended so as to permit of compulsory acquisition, on behalf of co-operative housing societies, of land required for house building purposes.

I agree with the recommendation of the Committee that lands may be acquired under the Land Acquisition Regulation on behalf of the Co-operative Housing Societies for house building purposes and that the Mysore Land Acquisition Regulation may be suitably amended. A recommendation

to this effect has been made in the Office letter no 5573 dated 7-1-37

do. 66. Technical assistance.

Where the work undertaken by a society is on a large scale, free technical assistance should be given by the Public Works Department.

I endorse the recommendation of the Committee that where the work undertaken by the Housing Societies is on a large scale, free technical assistance should be given by the Public Works Department.

do. 66 Labour Societies.

There seems to be scope in the Mysore State for societies for the labour classes on the lines of those started in Madras.

Though I feel that there is not much scope for the formation of labour societies in the Mysore State for procuring contracts direct to the Labourers, the experiment will be tried wherever and whenever it is found feasible.

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III. 67 Charitable allotments.

Some at least of the available quarry runs should be pooled together and systematically used for some common purpose benefiting the movement as a whole, such as propaganda and education.

I agree with the Committee that some part of the profits of a society should be made available for Co-operative Propaganda and education, and to give a definite form to the recommendation, I propose that a rule may be framed making it obligatory for all societies to contribute 2½ per cent of their net profits remaining after the contribution to the statutory reserve, towards co-operative propaganda, education, and such fund being pooled and utilized through the agency of the Mysore Co-operative Institute. It is expected that this contribution will replace the Institute in possession of large funds. With a view to see that the funds so formed is administered properly, I further propose that the Government may be pleased to appoint the Registrar as President of the Institute. If this proposal is commendable to Government, a separate communication will be made to Government in this behalf.

M. S. R. 2/4/37
Registrar.

Item No.

- | | |
|--|--|
| 1. Multiple objects. | Accepted. |
| rop loans. | Orders are being passed. |
| Loan and sale Societies. | The organisation of separate loan and sale Societies of the kind recommended by the Committee is stated to be under the active consideration of the department. The proposals in this respect are awaited. |
| 4. Joint marketing. | -Do- -Do- |
| 5. Central Areca Sale Society. | -Do- -Do- |
| 6. Supply of seeds, manure and implements. | Will be referred to the Agricultural department. The Director of Agriculture may send suitable proposals in consultation with the Registrar of Co-operative Societies. |
| 7. Consolidation of holdings. | Orders have been passed. |
| 8. Cattle breeding. | Noted. |
| 9. Dairying. | The department of co-operation has organised the supply of milk to the Hospitals in Bangalore on co-operative basis. The organisation of milk supply in Bangalore City somewhat on the lines recommended by the Committee is under consideration, a Committee having been appointed to examine the question and submit proposals in G.O.No. 26965-69 dated 20.4.34 |
| 10. Cattle insurance. | Noted. |
| 11. Rural Industries. | It appears that the Registrar is in correspondence with the Director of Industries and Commerce in regard to what might be done in this matter. A report in this matter will be awaited. |
| 12. Formation of Industrial Societies. | |

- | | |
|--|---|
| 13. Financial and Marketing Societies. | Noted. |
| 14. Weavers' Societies. | The observations of the Committee are noted. Steps have been taken to help the weavers Co-operative Society in Bangalore City. The idea of a Central Society for helping weavers Societies all over the State seems to be unworkable at present. |
| 15. Sericultural Societies. | The recommendations of the Committee are under examination by the Registrar of Co-operative Societies in consultation with the Superintendent of Sericulture. Proposals will be awaited. |
| 16. Co-operative Reeling. | Do. Do. |
| 17. Stores. | Government are in full agreement with the observations of the Committee and understand that the Registrar has issued a circular to Stores' Societies advising them to adopt these principles |
| 18. Central Stores. | Noted. |
| 19. House Building Societies. | Government accept the suggestions of the Committee though some of the suggestions seem to be practicable only in societies operating on a large scale. The Registrar considers that ^{and} operations on these lines is not feasible for the present. |
| 20. Repayment of house building loans. | Generally accepted. |

Central Institution for
financing House-
building Societies.

The suggestion that there should be a central institution for financing House Building Societies and that the Apex Bank might act as such Central Institution provided it can do so without prejudice to its other functions is noted by Government. The Apex Bank has been operating as the Central Institution for House building Societies for sometime and no inconvenience has been felt.

Rate of Interest.

Government agree that a lower rate of interest and the grant of a longer period for repayment may facilitate the development of building activities. The question is under consideration.

23. Acquisition of land.

Government accept the suggestion that it should be possible to acquire lands compulsorily for house building societies. The question of amending the law in this sense is under examination.

24. Technical Assistance.

The recommendation is in some wide terms and it would be difficult to undertake to provide assistance free in all such cases. In particular cases where such help may be found to be essential, the Registrar of Co-operative Societies may submit suitable recommendations.

25. Labour Societies.

Noted.

Item No

13. Financial and Marketing Societies.

Noted.

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Generally accepted.

Central Institution for
financing House-
building Societies.

The suggestion that there should be a central institution for financing House Building Societies and that the Apex Bank might act as such Central Institution provided it can do so without prejudice to its other functions is noted by Government. The Apex Bank has been operating as the Central Institution for House Building Societies for sometime and no inconvenience has been felt.

22. Rate of Interest.

Government agree that a lower rate of interest and the grant of a longer period for repayment may facilitate the development of building activities. The question is under consideration.

23. Acquisition of land.

Government accept the suggestion that it should be possible to acquire lands compulsorily for house building societies. The question of amending the law in this sense is under examination.

24. Technical Assistance.

The recommendation is in some wide terms and it would be difficult to undertake to provide assistance free in all such cases. In particular cases where such help may be found to be essential, the Registrar of Co-operative Societies may submit suitable recommendations.

25. Labour Societies.

Noted.

Noted.

1. Multiple objects.

Accepted.

2. Crop loans.

Orders are being passed.

3. Loan and sale Societies.

The organisation of separate loan and sale societies of the kind recommended by the Committee is stated to be under the ~~present~~ consideration of the Department. The proposals in this respect are awaited.

4. Joint marketing.

-Do-

-Do-

5. Central Araca Sale Society.

-Do-

-Do-

6. Supply of seeds, manure and implements.

Will be referred to the Agricultural Department. The Director of Agriculture may send suitable proposals in consultation with the Registrar of Co-operative Societies.

7. Consolidation of holdings.

Orders have been passed.

8. Cattle breeding.

Noted.

9. Dairying.

The department of co-operation has organised the supply of milk to the hospitals in Bangalore on co-operative basis. The organisation of milk supply in Bangalore City somewhat on the line recommended by the Committee is under consideration, a Committee having been appointed to examine the question and submit proposals in G.O.No. D 6965-69

L.A. 7-36-4
dated 26.4.38

10. Cattle insurance.

Noted.

11. Rural Industries.

It appears that the Registrar is in correspondence with the Director of Industries and Commerce in regard to what might be done in this matter. A report in this matter will be awaited.

12. Formation of Industrial Societies.

effect of resolution passed at the Fall 1933

Cooperative Conference, held at 1000 ... in 1933

Conference reserves no request for Gov to to
invest the Investment Act so as to exempt from income
taxes the income derived by Cooperative Society
on (a) investment of their own reserve funds in
securities (b) investments in Gov securities for
portion of funds reserves to be maintained on a
specified scale under statutory obligation in fact
in each instance.

(a) The Conference does not favor the operation
of Alpha L. H. Bonds on joint stock basis. In fact
where there are no Cooperative Alpha L. H. Bonds, no
should be taken to form such on Alpha Bonds on
a Cooperative basis.

(b) The Conference does not agree with the view that
Provincial Bonds will not Command Conference
the increasing public by their Board they carry
of business. The Constitution of the Alpha Bond
is in accordance with good principles of Co-op
and they do Command in abundance the
Confidence of the public.

(c) The Conference is of the opinion that the more
made by the National ... the more the margin to
the lending rate and the borrowing rate of ...
locally is low and that the rate should be raised
not generally ... The margin of profit depends
mainly upon the borrowing rate lending rate,
Cost of management etc.

may change, as it has done already in certain areas, and it must be left to the banks and societies to deal with the problem according to local conditions.

3) The Conference while agreeing to the proposal that a Statute fixed or agreed change of law process should be created does not make any special provision for leaving to private if members who depend their process without respect to the statute and

4) The Conference recognizing the multiple purposes which have proved dangerous in certain areas and however some are stated where they can be successfully set up, while it is not sufficient to recommend it for general adoption is of opinion that such statute may be tried wherever circumstances permit.

5) This Conference is unable to agree into the view that Central Bank operating over the area are preferable to large banks and that large distinct groups may be split up into smaller banks.

6) The Conference agree with the view that the practice of making debentures of 100 to 1000 redeemable at any time is unwise and that a period should be held for redemption of these debentures; a fund which operation of the principal and would funds be found for redeeming debentures and provision should be made

(a)

market whenever possible.

- (9) This Conference favours the free and compulsory licensing and registration of all moneylenders requiring them to maintain regular and standardised accounts and fixing the maximum rates of interest allowable in agricultural loans.
- (10) Societies for members of depressed classes who are employed in municipalities and in trade and industry should be encouraged and strengthened.
- (11) This Conference requests the Cooperative Institution to popularise the movement among women and enlist them as members in large numbers in all types of societies.
- (12) Govt of every Province and State be requested to give liberal and substantial financial help to the Provincial Cooperative Societies and Land Mortgage Banks out of the Provincial White revenues.
- (13) This Conference requests the Government to take suitable steps so that Cooperative Societies holding shares in the Reserve Bank of India should be permitted to nominate ^{by} duly authenticated resolution of the Committee any member of the Society as a representative to attend and vote at general body meetings of the Reserve Bank.
- (14) This Conference is of opinion that it is essential that the officers selected for the post of the Registrar should not have

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ಸಿಕ್ರಿಯವಿರುವುದರಿಗೆ.

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P. T. O.

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B/6-1.

Registration

Office of the Registrar of Co-operative Societies
in Mysore, Dated Bangalore, 6th January 1937.

CIRCULAR NO. 12/ C.S.

The attention of the managements of Consumers' Societies is invited to page 60 of the Report of the Co-operative Enquiry Committee wherein they have recommended that all sales in Co-operative Stores should be for cash only and that profits derived from the Stores - should after paying a reasonable preferential rate on shares, be divided entirely on custom. Such recommendations have already been made by the Departmental Officers from time to time during their inspections of the Stores Societies. Too much stress cannot be laid on the importance of cash sales in Co-operative Stores Societies and the danger of an unrestricted credit system. This may perhaps not be very obvious in the case of Stores attached to banking concerns where the necessary funds for the Stores Section can always be furnished by the banking section, but where stores indulge in credit sales the available capital will soon get locked up with members and funds for the legitimate activities of the society will get very much restricted thus seriously hampering the work of the institution. - Even the grant of credit, limited to the extent of the shares or other assets of the members in the society, would reduce the available capital of the society to almost nothing in the course of some time. The success of a Stores Society depends on the turn over and that again on the amount of liquid capital available to it. Capital can be maintained in a liquid form only by a strict system of cash sales. Large consumers societies have been able to transact on a system of strict cash sales and have thrived very well and no way lost in popularity. It is earnestly requested that all Consumers' Societies in the State whether working independently or attached to banking concerns will deal for cash only.

Again the equitable system of distribution of profits in Co-operative Societies should be that the profits should go to the contributors thereof in the proportion in which they are contributed by them. As such, it is more reasonable that profits in Stores should be paid on custom and not on shares. Since the capital is

2.

is however to be given its price, a preferential share of the profits may be given to the share-holders according to the shares held by them and the residue distributed on purchases. For this purpose where Stores are attached to Banking concerns, the - accounts should be maintained separate and the profits of the two separately declared and disbursed. Where funds have been derived from the Banking Section for the Stores, reasonable interest may be paid on advances so received from the Banking Section to be added on to its profits.

L.S.6/1.

Sd.- M.G.Mehkri,
Registrar.

" Copy"

M. S. Mehkri
Registrar. 7/7/17
[Signature]

20 copies

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Proceedings of the government of
His Highness the Maharaja of Mysore.

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R e a d : -

Chapter III of the Report of the
Committee on Co-operation on primary non-
credit societies.

2. Letter No. 5565 dated the 7th January
1937 from the Registrar of Co-operative
Societies in Mysore forwarding his opinion
on the recommendations of the Committee.

Order No. ⁸2433-8

Dated, Bangalore, 21-9-37

In Chapter III of the Report, the
Committee on Co-operation have reviewed the
progress of different types of non-credit
societies, agricultural and non-agricultural,
and have considered various questions relat-
ing to their organisation and development.
A summary of their recommendations is given
below, together with the observations of
Government on some of the points raised.

Recommendations of the
Committee.

Multiple objects.

Assuming that incompatible
activities are not combined,
that unlimited liability is
not risked in transactions
for which it is unsuitable,
and that efficiency is in no
way sacrificed, there is no
objection to credit societies
undertaking non-credit acti-
vities as additional or se-
condary functions, the trans-
actions and accounts of the
two sides of activity being
kept distinct.

Observations of the Government.

Even at present, as the Committee
point out, not a few societies which are
returned as credit societies have annexed
for the distribution of seeds, supply of
improved implements and chemical fertilisers.
But where the new object is of a distinctive
character, separate societies must be and
are usually formed. This policy will be

of warehouses or godowns, in trade centres. A beginning may be made by way of experiment in selected areas where the conditions are favourable and the necessity is greatest as in the case of the areca-growing tracts of the Malnad, such as Sagar, Thirthahalli and Koppa.

Central Areca Societies.

The formation of a central areca sale co-operative society, with godowns at Shimoga and affiliated societies or branches all over the areca-growing area, may be taken up for early consideration.

Supply of seeds, manures and implements.

The Agricultural Department may, with advantage, utilise more largely the agency of credit societies for distributing improved seed and implements, and also help in the general supervision and development of special non-credit societies. Societies should not be required by the Department to purchase things outright irrespective of whether this would work at a profit or loss.

A

Consolidation of holdings.

Permissive legislation may be undertaken, on the lines of the Central Provinces Act to provide for consolidation being carried out in villages where a majority of the owners holding a certain minimum area of land have agreed to the preparation of a scheme.

consider on their merits applications for loans from such societies for the construction of godowns in places where suitable buildings for the purpose are not available for rent.

It is considered advisable to organise primary areca societies in suitable areas in the first instance and take up the question of establishing a central areca society in Shimoga with a large capital later on.

Accepting the opinion of the Committee Government have ordered in Government Order No. D. 1173-75/C.S. 11-36-145 dated the 3rd August 1937 that the Agricultural Department should arrange for the sale of improved tools, seeds, manures, etc., introduced by the Department through the agency of the Co-operative Societies recommended by the Registrar on the same terms as those sanctioned in Government Order No. D. 1372-6 A & E 310-30-4 dated the 2nd September 1931.

The matter has been considered by Government in connection with the report of the Special Committee which had reported on this question. The view generally held is that the fragmentation of holdings in the State has not proceeded to such an extent as to constitute a serious hindrance to economic farming. In view of this and of various

~~Continued~~
~~contained.~~

The Registrar points out that though separate accounts are being kept for different activities of societies, the profits from them are pooled. He has issued instructions that, where such a course is necessary and feasible, the profits of different branches of activity should be separately ascertained, so that the profits arising in each Branch may be distributed among ^{only} that class of persons who participate in it.

Crop loans.

The system of crop loans should be encouraged and worked under due safeguards.

Government fully endorse the recommendation of the Committee. It has been suggested that, in order to ensure easy and prompt recovery of crop loans, they should be made a first charge upon the crops. This involves an amendment of the Regulation and is receiving consideration separately.

Loan and sale societies.

The organisation of separate loan and sale societies, working independently of credit societies, requires active encouragement and support from the Co-operative Department, and sufficient financial assistance in the early stages from the Apex Bank. Where suitable godowns are not available for rent, Government may be moved to advance loans for their construction on an inexpensive scale.

For the purpose of extending the marketing facilities in the State, societies may be formed for the marketing of commercial crops and industrial products. Liberal help from Government will be needed in the shape of grants for initial expenses, and advances for the building or hiring of

Government have often emphasised the importance of developing this type of societies for the sale of commercial crops, such as, areca, cardamom, copra and cotton. Owing to the fall in the prices of agricultural produce, attempts made in recent years to organise these societies have not met with much success. With the improvement of prices which has since taken place the prospects are now distinctly more favourable and it is hoped that intensive efforts will be made by the Department to develop sale societies for the benefit of areca and cotton growers. Government will be glad to consider

various other practical difficulties in the way of consolidating holdings on a voluntary basis, Government have come to the conclusion that further action might be deferred for the present.

Dairying.

With a view to the supply of pure milk to the residents of the Cities of Bangalore and Mysore, dairy societies of distinct types may be organised, one consisting of the producers of milk in the neighbouring villages, and the other of the consumers. Initial help will be required in the shape of dairy equipment, and charges of management for the first few years as well as an assurance of purchase of the milk requirements of medical institutions.

Rural Industries.

The work of organising the people for village industries, and supplementing their regular pursuits by side occupations, may be done through societies of various kinds which will provide raw material, employ labour, advance wages, provide wholesale depots, and arrange for the sale of the finished products in towns and commercial centres. A systematic enquiry should be made into the economic conditions of any industry proposed to be taken up, and a practicable scheme prepared in each case.

Co-operative institutions should be established to finance rural industries on a larger scale than at present. The formation of new societies in different parts of the State where there are suitable openings will have to be undertaken cautiously, with the help and encouragement of Government and under expert departmental advice.

A beginning in this direction has been made by organising a society of milkmen for the supply of milk to Government Hospitals in ~~Mys~~ Bangalore City. The possibility of improving the milk industry in Bangalore City and in the neighbouring villages, is being investigated by a Special Committee, and it is hoped that their report will give some useful indication of the action to be taken in other important centres of milk industry also.

The Director of Industries and Commerce is requested, in consultation with the Registrar of Co-operative Societies, to have a survey made of promising rural industries which might be encouraged and the facilities that may be provided by Government for the purpose. The survey may be made in the first instance in the area served by the rural reconstruction centre at Closepet and also in the model villages in the several Districts.

Weavers' Societies.

The decline in the weaving industry can only be arrested by suitable organisation, special financial and marketing help, and competent technical and expert ~~advice~~ guidance. The rehabilitation of weavers' societies requires special measures of help on the part of Government. There are various practical difficulties of organisation and supervision, which cannot be met except by the formation of a Central Society and provision for expert advice and guidance.

The Committee have referred in the report to the steps taken by Government to rehabilitate the Bangalore Weavers' Co-operative Society. The Apex Bank has given a cash credit of Rs. 40,000/- in favour of the ~~Sansk~~ Society and Government have sanctioned a subvention of Rs. 100/- a month, and have ordered the deputation of a Weaving Inspector to help the members of the Society with advice and guidance. The Registrar should investigate the possibility of similarly organising handloom and power-loom weavers in other centres such as Dodballapur. It is only when a sufficient number of primary weaving societies have been formed and brought into working order that the question of establishing a Central Society for weavers will arise.

Sericultural and reeling Societies.

The work of the Sericultural Societies is hampered by the inadequacy of funds and the lack of technical guidance and help. What they most need is the services of technical workers for carrying on the technical operations; increased sales are expected to meet a part of the cost; the balance will have to be contributed by Government.

A desirable extension of co-operative activities would be the joint marketing of cocoons and, where possible, joint reeling. The possibility of organising co-operative reeling societies, aided with Government funds and supervised by the Sericultural Department, may be investigated.

The Department of Sericulture has started cocoon markets at Channapatna and Mugur. The possibility of organising reeling societies in connection with these markets or independently, should be investigated by the Department.

Stores.

In stores societies regard should be had in fixing prices to the current market rates, from which they should not ordinarily vary to any marked extent, and allowance must be made from time to time for fluctuations in prices. Co-operative stores must buy wholesale, and buy more directly from the sources of production than they do now. Cash sales should be the rule for all; but where credit is allowed, it should be restricted to members and to the extent of their paid up share or other assets in the society. The profits derived from stores should, after the prescribed allotment to reserve and after paying a reasonable preferential rate on shares, be disbursed entirely on custom in the shape of rebates to members.

House-building societies.

House-building societies may with advantage take direct and active part in constructional work. Societies of the kind should help members with type designs as well as assist in the preparation of plans according to individual tastes and requirements. They should be able to procure building materials cheaply, and where possible they should join with other societies in ordering or manufacturing them. They should also in time take up the work of construction for their members. Where they have adequate funds and proper expert help, and especially where they have themselves undertaken the supply or manufacture of house building materials, they may well build a certain number of model houses at their own cost on well-considered type-plans and either lease them to members or sell them on the instalment system.

The business principles laid down

in this recommendation have been brought to the notice of the principal Stores Societies in Bangalore ~~and~~ City and elsewhere. The Registrar reports that in all Stores Societies that may be registered hereafter, a provision will be introduced in the bye-laws to prohibit sales on credit and to ensure the distribution of profits in the manner suggested by the Committee.

Government endorse the suggestions

of the Committee as to the directions in which house-building societies may extend their activities and desire that earnest attempts should be made to give effect to these suggestions at least in Bangalore and Mysore Cities, to begin with.

Central Institution for financing house-building societies.

While a Central house construction society does not seem to be quite practicable at present, it is however necessary to have one Central Institution entrusted with the function solely of providing the requisite long-term finance for house-building societies.

Rate of interest and period of repayment.

To enable house-building societies to make full use of the financial assistance offered by Government, it is necessary to lower the rate of interest to members to 6 percent and to extend the period of repayment up to 20 or 25 years. The Government may be pleased suitably to alter the terms of their loans to allow of this being done.

Acquisition of lands.

The law should be suitably amended so as to permit of the compulsory acquisition, on behalf of co-operative housing societies, of land required for house-building purposes.

The Apex Bank, for some time, been operating as the Central Institution for financing house-building societies and Government have given it an advance of Rs. 1½ lakhs for the purpose. It seems advisable to watch the working of the present arrangement for sometime more.

Government will be prepared to extend the period of repayment to 20 years in the case of loans that may be sanctioned in future. A cash credit of Rs. 1½ lakhs has been placed at the disposal of Apex Bank at 4½ per cent interest, while in the case of societies borrowing direct from Government the interest has been fixed at 5 per cent. Government are of opinion that these rates of interest are sufficiently low to secure that the rate of interest charged to the ultimate borrower does not materially exceed six per cent.

The Land Acquisition ~~officer~~ Regulation has already been amended in 1932 so as to empower Government to acquire lands for Companies which are defined so as to include Co-operative Societies registered under the Mysore Co-operative Societies

Regulation.

With the above observations, Government are pleased to accept the recommendations of the Committee.

mm
11/9/37

16/9/37
11/9/37

mm
16/9/37

Secretary to Government,
Local Self-Government Department.

To

The Registrar of Co-operative Societies
The Director of Industries and Commerce
The Director of Agriculture,
The Comptroller to Government,
The Revenue Commissioner,
The Chief Engineer of Mysore.

P.H.

P. B. No. 10.37-38

App. F VI G 10.

**Government of His Highness the Maharaja
of Mysore.**

GENERAL AND REVENUE DEPARTMENTS



G. O. No. D 2433-8/C. 11-36-165 DATED 21-9-37

May this be

- i. printed ?
 - ii. treated as a standing order ?
 - iii. published in the Gazette English Part ?
 - iv. translated ?
 - v. placed at the disposal of the press ?
 - iv. published in the Gazette Kannada Part ?
- } yes

Report of the Committee on Cooperation

Passes orders on the recommendations
Chapter III of the ——— in Mysore

11/9/37
mm

6/9/37
21-9-37

Government of his highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. D. 2433-38—C. S. 11-36-165, dated 21st September 1937.

Report of the Committee on Co-operation.

Passes orders on the recommendations, contained in Chapter III of the ——— in Mysore.

READ—

Chapter III of the Report of the Committee on Co-operation on primary non-credit societies.

2. Letter No. 5565, dated the 7th January 1937, from the Registrar of Co-operative Societies in Mysore, forwarding his opinion on the recommendations of the Committee.

ORDER No. D. 2433-38--C. S. 11-36-165, DATED BANGALORE,
THE 21ST SEPTEMBER 1937.

In Chapter III of the Report, the Committee on Co-operation have reviewed the progress of different types of non-credit societies, agricultural and non-agricultural and have considered various questions relating to their organisation and development. A summary of their recommendations is given below, together with the observations of Government on some of the points raised :—

Recommendations of the Committee.

Observations of the Government.

Multiple Objects.

Assuming that incompatible activities are not combined, that unlimited liability is not risked in transactions for which it is unsuitable, and that efficiency is in no way sacrificed, there is no objection to credit societies undertaking non-credit activities as additional or secondary functions, the transactions and accounts of the two sides of activity being kept distinct.

Even at present, as the Committee point out, not a few societies which are returned as credit societies have annexes for the distribution of seeds, supply of improved implements and chemical fertilisers. But where the new object⁴ of a distinctive character, separate societies must be and are usually formed. This policy will be continued. The Registrar points out that though separate accounts are being kept for different activities of societies, the profits from them are pooled. He has issued instructions that, where such a course is necessary and feasible, the profits of different branches of activity should be separately ascertained, so that the profits arising in each Branch may be distributed among only that class of persons who participate in it.

Crop Loans.

The system of crop loans should be encouraged and worked under due safeguards.

Government fully endorse the recommendation of the Committee. It has been suggested that, in order to ensure easy and prompt recovery of crop loans they should be made a first charge upon the crops. This involves an amendment of the Regulation and is receiving consideration separately.

No. D. 2433-38—C. S. 11-36-165, DATED 21ST SEPTEMBER 1937.

Recommendations of the Committee.

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For the purpose of extending the marketing facilities in the State, societies may be formed for the marketing of commercial crops and industrial products. Liberal help from Government will be needed in the shape of grants for initial expenses, and advances for the building or hiring of warehouses or godowns, in trade centres. A beginning may be made by way of experiment in selected areas, where the conditions are favourable and the necessity is greatest as in the case of the areca growing tracts of the Malnad, such as Sagar, Tirthahalli and Koppa.

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The formation of a central areca sale co-operative society, with godowns at Shimoga and affiliated societies or branches all over the areca growing area, may be taken up for early consideration.

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Permissive legislation may be undertaken on the lines of the Central Provinces Act to provide for consolidation being carried out in villages where a majority of the owners holding a certain minimum area of land have agreed to the preparation of a scheme.

Government have often emphasised the importance of developing this type of societies for the sale of commercial crops, such as areca, cardamom, copra and cotton. Owing to the fall in the prices of agricultural produce, attempts made in recent years to organise these societies have not met with much success. With the improvement of prices which has since taken place, the prospects are now distinctly more favourable and it is hoped that intensive efforts will be made by the Department to develop sale societies for the benefit of areca and cotton growers. Government will be glad to consider on their merits, applications for loans from such societies for the construction of godowns in places, where suitable buildings for the purpose are not available for rent.

It is considered advisable to organise primary areca societies in suitable areas in the first instance and take up the question of establishing a central areca society in Shimoga with a large capital later on.

Accepting the opinion of the Committee, Government have ordered in Government Order No. D. 1173-75—C. S. 11-36-145, dated the 3rd August 1937, that the Agricultural Department should arrange for the sale of improved tools, seeds, manures, etc., introduced by the Department through the agency of the co-operative societies recommended by the Registrar on the same terms as those sanctioned in Government Order No. D. 1372-6—A. & E. 310-30-4, dated the 2nd September 1931.

The matter has been considered by Government in connection with the report of the Special Committee which had reported on this question. The view generally held is that the fragmentation of holdings in the State has not proceeded to such an extent as to constitute a serious

Observations of the Government.

hindrance to economic farming. In view of this and of various other practical difficulties in the way of consolidating holdings on a voluntary basis, Government have come to the conclusion that further action might be deferred for the present.

A beginning in this direction has been made by organising a society of milkmen for the supply of milk to Government Hospitals in Bangalore City. The possibility of improving the milk industry in Bangalore City and in the neighbouring villages, is being investigated by a Special Committee, and it is hoped that their report will give some useful indication of the action to be taken in other important centres of milk industry also.

Dairying.

With a view to the supply of pure milk to the residents of the Cities of Bangalore and Mysore, Dairy Societies of different types may be organised, one consisting of the producers of milk in the neighbouring villages and the other of the consumers. Initial help will be required in the shape of dairy equipment and charges of management for the first few years as well as an assurance of purchase of the milk requirements of medical institutions.

Rural Industries.

The work of organising the people for village industries, and supplementing their regular pursuits by side occupations, may be done through societies of various kinds which will provide raw material, employ labour, advance wages, provide wholesale depots, and arrange for the sale of the finished products in towns and commercial centres. A systematic enquiry should be made into the economic conditions of any industry proposed to be taken up, and a practicable scheme prepared in each case. Co-operative institutions should be established to finance rural industries on a larger scale than at present. The formation of new societies in different parts of the State where there are suitable openings will have to be undertaken cautiously, with the help and encouragement of Government and under expert departmental advice.

Weavers' Societies.

The decline in the weaving industry can only be arrested by suitable organisation, special financial and marketing help, and competent technical and expert guidance. The rehabilitation of weavers' societies requires special measures of help on the part of Government. There are various practical difficulties of organisation and supervision, which cannot be met except by the formation of a Central Society and provision for expert advice and guidance.

The Committee have referred in the report to the steps taken by Government to rehabilitate the Bangalore Weavers' Co-operative Society. The Apex Bank has given a cash credit of Rs. 40,000 in favour of the Society and Government have sanctioned a subvention of Rs. 100 a month, and have ordered the deputation of a Weaving Inspector to help the members of the Society with advice and guidance. The Registrar should investigate the possibility of similarly organising hand-loom and power-loom weavers in other centres such as Doddaballapur. It is only when a sufficient number of primary

Recommendations of the Committee.

Observations of the Government.

wearing societies have been formed and brought into working order that the question of establishing a Central Society for weavers will arise.

The Department of Sericulture has started cocoon markets at Channarayana and Mugur. The possibility of organising reeling societies in connection with these markets or independently, should be investigated by the Department.

Sericultural and Reeling Societies.

The work of the Sericultural Societies is hampered by the inadequacy of funds and the lack of technical guidance and help. What they most need is the services of technical workers for carrying on the technical operations; increased sales are expected to meet a part of the cost; the balance will have to be contributed by Government. A desirable extension of Co-operative activities would be the joint marketing of cocoons and, where possible, joint reeling. The possibility of organising Co-operative reeling societies, aided with Government funds and supervised by the Sericultural Department, may be investigated.

Stores.

In stores societies regard should be had in fixing prices to the current market rates, from which they should not ordinarily vary to any marked extent, and allowance must be made from time to time for fluctuations in prices. Co-operative stores must buy wholesale and buy more directly from the sources of production than they do now. Cash sales should be the rule for all, but where credit is allowed, it should be restricted to members and to the extent of their paid-up share or other assets in the society. The profits derived from stores should, after the prescribed allotment to reserve and after paying a reasonable preferential rate on shares, be disbursed entirely on custom in the shape of rebates to members.

House-building Societies.

House-building societies may with advantage take direct and active part in constructional work. Societies of the kind should help members with type designs as well as assist in the preparation of plans according to individual tastes and requirements. They should be able to procure building materials cheaply, and where possible they should join with other societies in ordering or manufacturing them. They should also in time take up the work of construction for their members. Where they have adequate funds and proper expert help and especially where they have themselves undertaken the

Government endorse the suggestions of the Committee as to the directions in which house-building societies may extend their activities and desire that earnest attempts should be made to give effect to these suggestions at least in Bangalore and Mysore Cities, to begin with.

No. D. 2433-38—C. S. 11-36-165, DATED 21ST SEPTEMBER 1937.

Recommendations of the Committee.

supply or manufacture of house-building materials, they may well build a certain number of model houses at their own cost on well-considered type-plans and either lease them to members or sell them on the instalment system.

Central Institution for financing House-building Societies.

While a central house-construction society does not seem to be quite practicable at present, it is however necessary to have one Central Institution entrusted with the function solely of providing the requisite long-term finance for house-building societies.

Rate of interest and period of repayment.

To enable house-building societies to make full use of the financial assistance offered by Government, it is necessary to lower the rate of interest to members to 6 per cent and to extend the period of repayment up to 20 or 25 years. The Government may be pleased suitably to alter the terms of their loans to allow of this being done.

Acquisition of Lands.

The law should be suitably amended so as to permit of the compulsory acquisition on behalf of co-operative housing societies of land required for house building purposes.

With the above observations, Government are pleased to accept the recommendations of the Committee.

Observations of the Government.

The Apex Bank has for some time, been operating as the Central Institution for financing house-building societies and Government have given it an advance of Rs. 1½ lakhs for the purpose. It seems advisable to watch the working of the present arrangement for some time more.

Government will be prepared to extend the period of repayment to 20 years in the case of loans that may be sanctioned in future. A cash credit of Rs. 1½ lakhs has been placed at the disposal of Apex Bank at 4½ per cent interest, while in the case of societies borrowing direct from Government, the interest has been fixed at 5 per cent. Government are of opinion that these rates of interest are sufficiently low to secure that the rate of interest charged to the ultimate borrower does not materially exceed 6 per cent.

The Land Acquisition Regulation has already been amended in 1932, so as to empower Government to acquire lands for Companies which are defined so as to include Co-operative Societies registered under the Mysore Co-operative Societies Regulation.

P. H. KRISHNA RAO,
*Secretary to Government,
Local Self-Government Department.*

To—The Registrar of Co-operative Societies in Mysore.
The Director of Industries and Commerce in Mysore.
The Director of Agriculture in Mysore.
The Comptroller to the Government of Mysore.
The Revenue Commissioner in Mysore.
The Chief Engineer of Mysore.

Exd.—C. K.

SUBJECT

Section

File No.

Serial No.

Diary No. of letter replied to.....

No. D 2449 / Encl copy 2 f. o.

To

Dear Sir

General and Revenue Secretariat

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the 193 .

Date of issue..... 22.9.37

Signed by .. M. K. Subbarao ..

I am desirous to forward herewith for ^{your} information a copy of G.O. No. D 2433-34 / C. 11-36-165 dated the 21st Sept 1937 passing orders on the recommendations contained in Chapter III of the Report of the Committee on Cooperation in Mysore

Yours sincerely

M. K. Subbarao

22.9.37

To

Rajashamashrinivas

Dewan Bahadur

Dist. Channarayana for P. A. A. C.

Atties Chief Justice of the

Chief Court of Mysore

Basavangudi PostBangalore City

List of enclosures.....

Issue
21.9.37

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Examined by.....

60
22nd September

7.

No. D 2449 / Encl
Copy 28.0.

Dear Sir,

I am desired to forward herewith for your information, a copy of Government Order No.D.2433-38/C.S. 11-36-165 dated the 21st September 1937 passing orders on the recommendations contained in Chapter III of the Report of the Committee on Cooperation in Mysore.

Yours sincerely,

fm
22937

Rajadharmapravina

Dewan Bahadur

K.S.Chandrasekhara Aiyar, Esq., B.A., B.L.,

Retired Chief Justice of the

High Court of Mysore,

Basavangudi Post,

Bangalore City.